



Foreign Agricultural Service

GAIN Report

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Dominican Republic

Grain and Feed

Rice Update

2002

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Report Highlights:

Imports of U.S. rice have declined significantly as the government takes measures to protect local producers and producers respond to government initiatives to increase local production. But the cost to consumers may be high.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Santo Domingo [DR1], DR

Executive Summary

The Dominican Republic has been extremely effective in limiting the import of rice to protect local producers. With resulting higher prices, production has increased. Annual production during the last ten years has been 300-310,000 MT with yearly imports during that same period averaging over 25,000 MT. Practically all rice produced in the Dominican Republic has direct access to irrigation.

The new government elected in August 2000 was particularly interested in generating a degree of self sufficiency in rice production and as a result dedicated increased financing for rice production through the Agricultural Bank. Production figures in CY 2001 improved over the previous year and production numbers for CY 2001 reached 310,000 MT. Production is expected to reach almost 320,000 MT in CY 2002, and to eliminating the need for rice imports (which exceeded 70,000 MT in CY 1998).

Apparent consumption has remained stagnant slightly over a 10 year average with some informal quantities coming across the border from Haiti. Along with beans, plantains and cassava, rice has played a major role in the basic Dominican diet for many years. Earlier in the decade, when rice production costs were relatively low, consumption levels were close to 350,000 MT/year. As prices have increased, partly due to import restrictions, consumption patterns of some consumers have changed to include less expensive alternative sources of carbohydrate such as, bread, pasta and other staple foods like, plantains, cassava and dasheen. Should prices remain at current levels, consumption is expected to increase only marginally in coming years, probably not exceeding 325,000 MT/year.

Because of the high finance costs, rice stock are generally kept low by the private producers or are part of a strategic stock level that the Secretary of Agriculture (SEA) tries to maintain by purchasing part of the crop directly from the farmers. Due to limited funding, this program is not very effective and imports are allowed when there is a shortage. This situation usually occurs between December through April. To date, no polished rice has been imported in CY 2002.

Current prices reaching the market are for the two higher quality called "selecto" and "super selecto". Prices for these producer/wholesaler to retailers are RD\$6.20 and RD\$6.60 per pound respectively. Retailers in turn sell it at about RD\$7.00-8.00/lb.

When rice imports are allowed, permits are issued, generally to a government institution or private producer only, a 15 percent tariff on paddy and a twenty percent tariff is applied to polished rice (CIF basis). In addition a twelve percent VAT (value added tax) is added to the commodity.

There is a tariff rate quota in effect for rice. All rice outside the quota is assessed a 99% tariff level. An initial quota of 13,700 MT of rice imports was established increasing to 17,810 MT by year 2004.

Traditionally rice moves from producer to miller to wholesaler and retailer. Local production is generally sold to nearby mills which process, store and sell to the wholesalers. Some larger and financially sound producers have their own mills where they process their own production and additional quantities produced by small farmers, selling to wholesalers. Several of these producers have developed their own private labels and market directly to retailers. Small quantities of rice also move across the border from Haiti.

Imports from the United States are not anticipated for CY 2002 as production levels continue strong. However, current drought conditions could affect overall production during CY 2002.

Statistical Table

PSD Table						
Country	Dominican Republic					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Harvested	87	90	93	99	0	100
Beginning Stocks	23	24	28	24	28	24
Milled Production	270	280	290	310	0	318
Rough Production	415	431	446	477	0	489
MILLING RATE (.9999)	6500	6500	6500	6500	0	6500
TOTAL Imports	55	35	35	9	0	0
Jan-Dec Imports	35	35	40	9	0	0
Jan-Dec Import U.S.	35	35	0	9	0	0
TOTAL SUPPLY	348	339	353	343	28	342
TOTAL Exports	0	0	0	0	0	0
Jan-Dec Exports	0	0	0	0	0	0
TOTAL Dom. Consumption	320	315	325	319	0	319
Ending Stocks	28	24	28	24	0	23
TOTAL DISTRIBUTION	348	339	353	343	0	342